# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:310
ANSWERED ON:03.02.2017
Short term Cooperative Credit Structure
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**Will the Minister of FINANCE be pleased to state:**

(a) whether the cooperative credit structure is getting eroded due to disbursement of short term loan to the farmers at concessional rates;

(b) if so, the details thereof ;

(c) whether the Government intends to make up the losses caused to the short term cooperative credit structure due to short term loan disbursement to the farmers at concessional rates; and

(d) if so, the details of the amount/ percentage in this regard?

## Answer

The Minister of State in the Ministry of Finance

(a) to (d) : The Government of India in the Department of Agriculture, Cooperation & Farmers' Welfare implements an Interest Subvention Scheme under which short term crop loans up to Rs.3.00 lakh are made available to farmers at an interst rate of 7 percent per annumn by the Public Sector Banks (PSBs), Regional Rural Banks (RRBs) and Cooperative Banks. Under the Scheme, the Government provides interest subvention of 2% directly to the Cooperative Banks for such crop loans to make good the loss that the banks may incur on account of involvement of their own funds. Further, the Cooperative Banks get short term refinance from National Bank for Agriculture & Rural Development (NABARD), at the concessional interest rate of 4.5% through the Short Term Cooperative Rural Credit (Refinance) Fund.